

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA	:	
	:	
v.	:	1:17CR251-1
	:	
HASSIE DEMOND NOWLIN,	:	
also known as a Demond Nowlin,	:	
Hassie Demond Knowlin, Demond	:	
Knowlin, and Brilliant Knowlin	:	FACTUAL BASIS

NOW COMES the United States of America, by and through Sandra J. Hairston, Acting United States Attorney for the Middle District of North Carolina, and as a factual basis under Rule 11, Fed. R. Crim. P., states the following:

INTRODUCTION

1. From at least as early as 1993 through the present, HASSIE DEMOND NOWLIN, also known as DEMOND NOWLIN, also known as HASSIE DEMOND KNOWLIN, also known as DEMOND KNOWLIN, also known as BRILLIANT KNOWLIN (hereinafter, “NOWLIN”), resided in and around the Greensboro, North Carolina area.

2. The Internal Revenue Service (“IRS”) was an agency of the United States Department of the Treasury responsible for administering the federal tax laws of the United States, and collecting taxes owed to the United States.

3. During that time, NOWLIN engaged in a scheme in which he attempted to stop the United States from exercising its lawful jurisdiction over him. As part of the scheme, between June 17, 2005 and July 1, 2016, NOWLIN filed several documents with the Guilford County Register of Deeds, in which he purported to renounce his United States citizenship, and in which he proclaimed himself to be a “sovereign” citizen.

4. NOWLIN formed several nominee entities which he used in committing the offenses charged in this case, including the following:

Nominee Name	Date Formed
positive energy holdings	April 2, 2008
The Ameridream Team 1 LLC	August 10, 2012
The 1416 Vine Trust	February 6, 2014
Anthony Ct Trust	April 9, 2014
Ohenry Blvd Trust	April 9, 2014

5. NOWLIN opened various bank accounts using his own name and the names of nominees which he used in committing the offenses charged in this case, including, as follows:

Name of Account Owner	Account Number	Date Opened
Hassie Demond Nowlin	xxxxxx5000	April 1, 1993

Hassie Demond Nowlin	xxxxxxxxx3840	December 7, 2004
Full Flava Unit Distributors	xxxxxxxxx7191	April 3, 2006
Full Flava Unit Distributors	xxxxxxxxx6196	May 4, 2012
Positive Energy Holdings	xxxxxxxxx7935	September 28, 2012
Positive Energy Holdings	xxxxxx2596	February 6, 2014

CORRUPTLY IMPEDING THE IRS

6. Beginning on or about July 30, 2008, and continuing up to and including on or about January 25, 2017, in the Middle District of North Carolina, and elsewhere, NOWLIN did corruptly endeavor to obstruct and impede the due administration of the internal revenue laws by committing various acts, including those described below.

7. In 2008 and for several years thereafter, NOWLIN began to engage in a tax fraud scheme, commonly referred to as an “OID (Original Issue Discount) Scheme,” in which he filed false 1099-OID forms with the IRS. On the 1099-OID forms, NOWLIN falsely reported that the State of North Carolina, a bank, and other institutions had withheld taxes on his behalf and paid the taxes to the IRS. NOWLIN then filed false tax returns on which he

claimed fraudulent refunds for the taxes purportedly withheld on his behalf, including the following:

- a. On or about November 19, 2008, HASSIE DEMOND NOWLIN filed a false 2006 Amended U.S. Individual Income Tax Return, Form 1040X, in his name with the IRS, on which he fraudulently claimed a tax refund in the amount of \$556,307.
- b. On or about November 19, 2008, HASSIE DEMOND NOWLIN filed a false 2005 Amended U.S. Individual Income Tax Return, Form 1040X, in his name with the IRS, on which he fraudulently claimed a tax refund in the amount of \$75,000.
- c. On or about March 24, 2009, HASSIE DEMOND NOWLIN filed a false 2005 Amended U.S. Individual Income Tax Return, Form 1040X, in his name with the IRS, on which he fraudulently claimed a tax refund in the amount of \$71,641.
- d. On or about April 23, 2009, HASSIE DEMOND NOWLIN filed a false 2008 U.S. Individual Income Tax Return, Form 1040, in his name with the IRS, on which he fraudulently claimed a tax refund in the amount of \$80,227.

8. During this time frame, NOWLIN engaged in another tax fraud scheme, in which he sent fictitious “bills of exchange” and other fraudulent instruments to the IRS. Along with these instruments, NOWLIN sent personal

bills from various creditors, including his mortgage lender, utility companies, even a North Carolina state court, in an attempt to have the IRS pay his bills.

9. The IRS assessed the following taxes, penalties and interest against NOWLIN regarding the fraudulent OID returns, notice of which was sent to NOWLIN:

a. Between on or about September 15, 2008, and on or about May 17, 2010, the IRS assessed \$16,350 in taxes, \$4,821.92 in penalties and \$1,465.78 in interest, totaling \$22,637.70, against NOWLIN regarding his 2007 income tax return.

b. On or about March 22, 2010, the IRS assessed \$20,000 in frivolous filing penalties against NOWLIN regarding his 2005, 2006, and 2008 income tax returns.

10. After the IRS made the above assessments, NOWLIN transferred or acquired various pieces of property in nominee names, including those listed below:

Property	Nominee Name	Date Placed in Nominee Name
Residence on S. O'Henry Boulevard	The Ameridream Team 1 LLC	September 10, 2012
2000 GMC Tahoe	Full Flava Inc.	March 15, 2013
1985 GMC Dump Truck	Positive Energy Holdings	May 4, 2014
Residence on S. O'Henry Boulevard	The 1416 Vine Trust	October 27, 2014

11. Beginning at least as early as January 2011, and continuing through January 2017, NOWLIN prepared tax returns for clients as a business. In order to conceal his identity from the IRS, NOWLIN failed to identify himself in the “Paid Preparer” section on each tax return as the person who actually prepared the return.

12. NOWLIN earned hundreds of thousands of dollars in fees from preparing tax returns, but failed to report the income to the IRS. NOWLIN caused the fees to be deposited into various nominee bank accounts under his control, including the following:

Year	Nominee Name	Account Number	Fees Deposited
2011	Full Flava Unit Distributors	xxxxxxxx7191	\$23,486
2012	Full Flava Unit Distributors	xxxxxxxx7191	\$26,474
2012	Full Flava Unit Distributors	xxxxxxxx6196	\$48,743
2013	Full Flava Unit Distributors	xxxxxxxx7191	\$15,501
2013	Full Flava Unit Distributors	xxxxxxxx6196	\$7,738
2013	Positive Energy Holdings	xxxxxxxx7935	\$36,463

2014	Full Flava Unit Distributors	xxxxxxxx6196	\$17,294
2014	Positive Energy Holdings	xxxxxxxx7935	\$74,050
2014	Positive Energy Holdings	xxxxxx2596	\$34,491

13. On June 18, 2015, IRS Special Agents interviewed NOWLIN about his tax preparation business. During the interview, NOWLIN made several false statements to the agents, including that he did not prepare tax returns for clients, but only provided consultation; that he only charged \$25-\$50 for his consultation services; and that the bankruptcy petition which he filed in December 2014 was correct.

PREPARING FALSE TAX RETURNS

14. Beginning at least as early as January 2011, and continuing through January 2017, NOWLIN prepared hundreds of tax returns for clients as a business. NOWLIN entered false information on many of his clients' tax returns in order to increase their tax refunds. Among other things, NOWLIN reported false employee wages; false business loss deductions; false claims for education credits; and false dependents. NOWLIN commonly reported that his clients were engaged in fictitious "network marketing" or similar businesses that incurred substantial losses, which served to offset other legitimate income, and as a result increased his clients' refunds.

15. NOWLIN used the residence on S. O'Henry Boulevard as his primary business location. At that location, M.F. also prepared tax returns for clients. NOWLIN and M.F. used the same internet service to prepare and file tax returns with the IRS through readily-available tax preparation websites. NOWLIN was aware that M.F. also entered false information on M.F.'s clients' tax returns in order to maximize tax refunds. However, NOWLIN and M.F. generally operated their businesses independently, kept their clients separate, and did not share preparation fees.

16. On or about February 8, 2013, within the Middle District of North Carolina, NOWLIN did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the IRS, of a 2012 U.S. Individual Income Tax Return, Form 1040, in the names of V.S. and C.S. NOWLIN falsely reported that V.S. operated a "network marketing" business which incurred an \$18,268 loss. NOWLIN also falsely reported that C.S. operated a "sales" business which incurred a \$13,100 loss. As a result of entering these false material matters, NOWLIN falsely reported that that V.S. and C.S. were able to claim a full refund of their withheld taxes in the amount of \$5,741. NOWLIN electronically filed the tax return with the IRS, and caused \$150 of the tax refund to be deposited into his Positive Energy Holdings account xxxxxxxx7935.

BANKRUPTCY FRAUD

17. On or about January 2, 2007, NOWLIN purchased a residence on Anthony Court in Greensboro, North Carolina. NOWLIN obtained a loan from Bank of America, N.A. (“BOA”) in order to purchase the residence. Servicing of the loan was transferred to Caliber Home Loans, Inc. (“Caliber Home Loans”) on or about April 26, 2016. The principal balance on the loan was \$36,531.89.

18. NOWLIN failed to make the March 2010 payment on his home loan by the due date. He remained behind in his payments, and BOA began regularly sending correspondence to NOWLIN that his home loan was in default. Around October 2010, NOWLIN stopped making the monthly payments on his home loan to BOA for about one year. In November 2011, NOWLIN paid approximately \$6,048.29 to BOA in order to become current on his loan repayment.

19. In December 2011, NOWLIN again became delinquent in making his monthly home loan payments. He made several payments throughout 2012, but remained behind. After November 2012, NOWLIN stopped making payments on his home loan altogether. As of November 2015, NOWLIN had failed to make any payments on his home loan for over three years.

20. Throughout this period, BOA sent dozens of notices to NOWLIN that he was in default of his home loan. BOA also extended multiple opportunities to NOWLIN to cure the default, including offers for him to enter

the Home Affordable Modification Program and Home Affordable Foreclosure Alternatives Program, all of which NOWLIN rejected.

21. Generally, the filing of a bankruptcy petition triggers an “automatic stay” against the debtor's creditors from taking any action on claims they might have against the debtor or any property owned by the debtor when the bankruptcy case was commenced, unless permission of the bankruptcy court was first obtained.

22. From on or about April 12, 2013, continuing up to and including on or about June 7, 2017, 2017, in the Middle District of North Carolina, NOWLIN, having devised and intending to devise a scheme and artifice to defraud BOA, Caliber Home Loans, and other creditors, and for the purpose of executing and concealing such a scheme and artifice and attempting to do so, repeatedly filed bankruptcy petitions under Title 11 of the United States Code.

23. Along with the bankruptcy petitions, NOWLIN submitted several Schedules of Assets and Liabilities and Statements of Financial Affairs on which he fraudulently failed to disclose interests in bank accounts, including those listed above; interest in property held by third persons; income from his tax return preparation business; transfers of real and personal property; and his tax debts owed to the IRS.

24. On or about July 7, 2016, for the purpose of executing and attempting to execute the scheme and artifice to defraud, NOWLIN filed a

bankruptcy petition under Title 11 of the United States Code, Case No. 16-10686.

This the 3rd day of August, 2017.

Respectfully submitted,
SANDRA J. HAIRSTON
Acting United States Attorney

/s/ ANAND P. RAMASWAMY
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CERTIFICATE OF SERVICE

I hereby certify that on August 3, 2017, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Kathleen A. Gleason, Esq.

Respectfully submitted,

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ACTING UNITED STATES ATTORNEY

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